



THE ATTORNEY GENERAL OF TEXAS

AUSTIN 11, TEXAS

**PRICE DANIEL
ATTORNEY GENERAL**

February 17, 1949

Hon. J. M. Falkner
Commissioner
Department of Banking
Austin 14, Texas

Opinion No. V-778

Re: The legality of using the word "bank" in the title of an institution chartered under the Federal Farm Credit Act of 1933, in view of the provisions of the Texas Banking Code of 1943.

Dear Mr. Falkner:

Your request for the opinion of this office is as follows:

"There is an institution operating in Houston, Texas, which has the following title: 'Houston Bank for Cooperatives.' This institution was chartered under Section 2 of Title I of the Farm Credit Act of 1933 (now 12 U.S.C., Section 1134 as amended) passed by Congress and approved by the President on June 16, 1933.

"Article 2 Chapter IX of The Texas Banking Code of 1943 (Article 342-902 Vernon's 1943 Supplement) deals with institutions using the words 'bank,' 'bank and trust,' 'savings bank,' 'trust' or any similar terms in their corporate titles.

"The above named institution, the Houston Bank for Cooperatives, makes claim of its right to use the word 'bank' in its title under Sub-section 3, Article 342-902.

"Our question is whether or not the institution herein referred to is using the word 'bank' in violation of the provisions of the 1943 Banking Code."

The pertinent part of Article 342-902, Vernon's Civil Statutes (The Texas Banking Code of 1943), is as follows:

"It shall be unlawful for any person, corporation, firm, partnership, association or common law trust:

" . . .

"(2) To use the term 'bank,' 'bank and trust,' 'savings bank,' 'trust' or any similar term in its name, stationery or advertising. Provided, however, that this article shall not apply to . . . (3) other corporations heretofore or hereafter organized under the laws of this State or of the United States to the extent that such corporations are authorized under their charter or the laws of this State or of the United States to conduct such business or to use such term,..."

The provisions of Tit. 12, U.S. Code, Secs. 1134 to 1138f, inclusive, govern the charter and organization of "Banks for Cooperatives"; enumerate their general corporate powers (Sec. 1138); declare such corporations to be "instrumentalities of the United States"; provide for certain tax exemptions (Sec. 1138c); and, provide other regulatory laws not necessary to enumerate here.

The Houston Bank For Cooperatives, having been chartered under and being governed by the laws of the United States above referred to, has the right to use the word "bank" in its corporate name and to conduct the banking business authorized by its charter in the State of Texas, since it is expressly exempted from the provisions of Article 342-902, V.C.S., by virtue of the emphasized portion thereof above quoted.

SUMMARY

"Banks for Cooperatives" chartered and doing business under the laws of the United States, (12 U.S.C. Secs. 1134 et seq) are exempt from the provisions of Subsec. 2(3), Article 342-902, V.C.S. (The Texas Banking Code of 1943).

Very truly yours

ATTORNEY GENERAL OF TEXAS

By

C. K. Richards

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APPROVED

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ATTORNEY GENERAL